

SANTA BARBARA COUNTY ECONOMIC FORECAST

The Santa Barbara County economy is growing slowly. In 2017 the region gained 2,700 jobs, representing a growth rate of 1.3 percent. By comparison, California created jobs at a rate of 2.0 percent. Several industries grew quickly in Santa Barbara County, including construction and healthcare, but a number of prominent sectors lost jobs during the year.

Construction activity is accelerating sharply. Almost 1,300 homes were built in 2017, and more than \$250 million was invested into non-residential structures. Most of this activity was in Santa Maria, where land is abundant and there are few obstacles to development, and in Goleta where several large projects are actively constructing new homes.

But housing production is still not keeping pace with population growth, causing home prices to rise quickly. Homes are still relatively affordable in Northern Santa Barbara County, where the median price is approximately \$450,000. But home prices are prohibitively expensive in Southern Santa Barbara County, where a typical property sells for \$1.2 million.

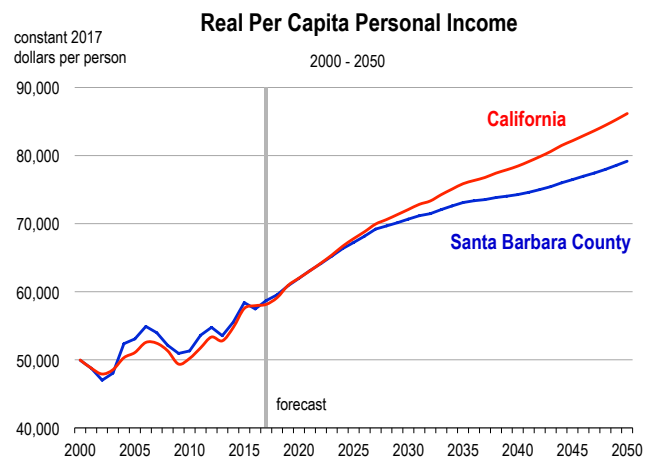
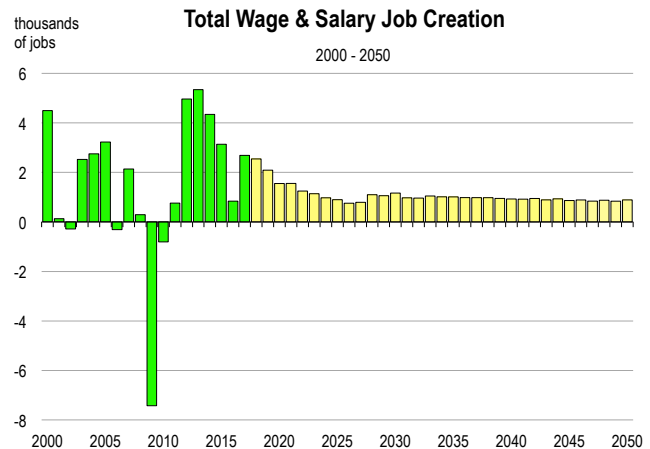
Due to rising high home prices, fewer people are moving to Santa Barbara County. Only 700 net migrants entered the county in 2017, most of which settled in the Santa Maria Valley. Population growth has decelerated, with the population increasing by only 0.6 percent in 2017, which is slower than the statewide average.

Net migration has also decelerated because of a lack of high-paying jobs. Job losses have been observed in high-paying sectors like manufacturing and professional business services, and slow growth has prevailed in others like financial services. Meanwhile, most of the county's new jobs have been created in industries that pay below-average wages, like leisure services and healthcare. Adjusted for inflation, the average salary in Santa Barbara County has been virtually unchanged over the last five years.

Despite slow job creation, the Santa Barbara County unemployment rate was exceptionally low in 2017, falling to 4.5 percent, which is near its lowest sustainable level. The economy has now reached a "full employment" scenario, meaning that almost everyone who wants a job already has a job. Under such conditions, job creation will decelerate further, and additional improvements in the unemployment rate will be minimal.

FORECAST HIGHLIGHTS

- In 2018, total employment will increase by 1.2 percent. From 2018 to 2023, employment growth is expected to average 0.7 percent per year.
- The largest employment gains will be observed in education and healthcare, leisure services, and government. Together, these sectors will account for 67 percent of net job creation during the 2018-2023 period.

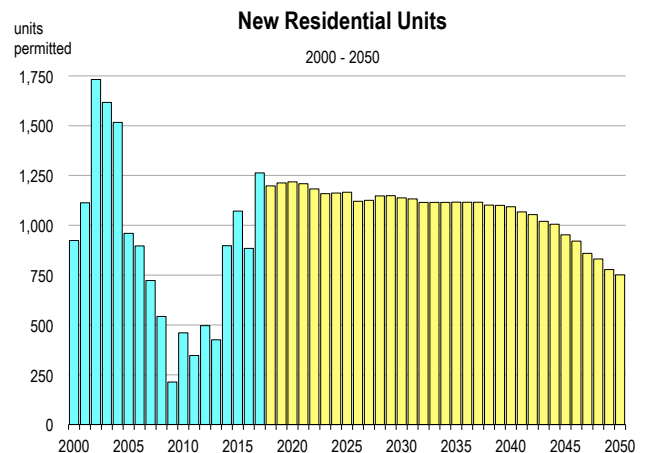
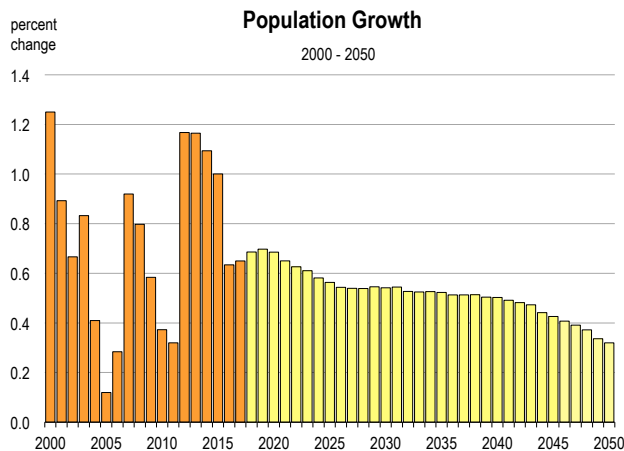


- Average salaries are currently below the California average, and will remain so over the foreseeable future. In Santa Barbara County, inflation-adjusted salaries are expected to rise by an average of 1.7 percent per year between 2018 and 2023, which will be similar to statewide growth.
- Over the forecast period, an average of 1,200 homes will be authorized per year. Most of these units will be located in the northern portions of the county. Approximately half will be single-family homes, and the other half will be multifamily units (i.e. apartments).
- The population is expected to increase by 0.7 percent annually through 2023. Net migration will be low, with an average of 900 net migrants entering the county each year. The natural increase (new births) will add 2,100 residents to the population each year.

Santa Barbara County Economic Forecast

2010-2017 History, 2018-2050 Forecast

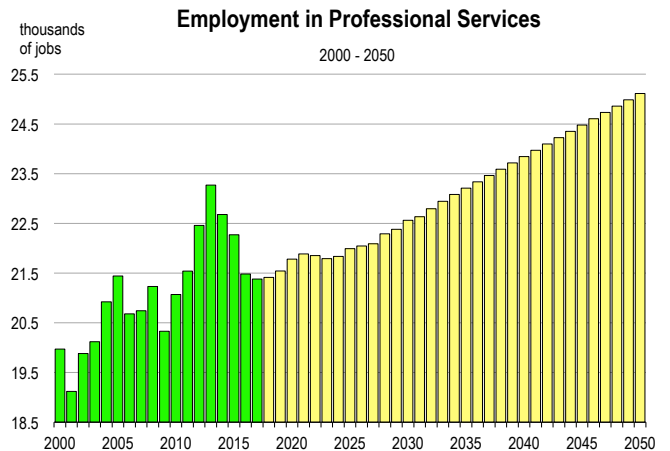
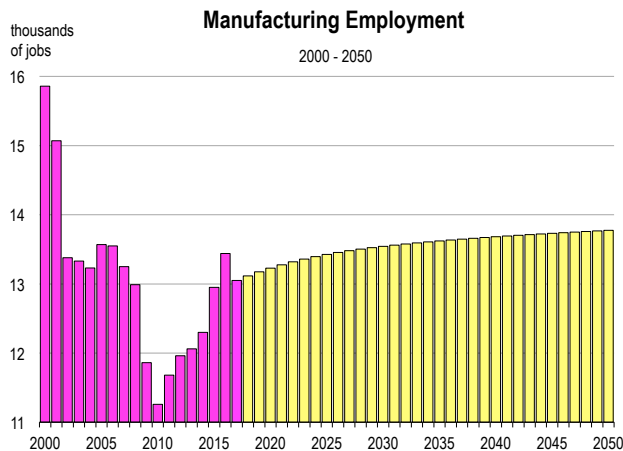
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2010	423,999	-1,515	368.1	142	460	\$5.31	\$19.18	\$51,311	1.2	1,384	3.47	9.7
2011	425,354	-1,510	366.1	143	347	\$5.72	\$20.63	\$53,587	2.7	1,319	3.67	9.4
2012	430,318	2,214	366.7	143	496	\$6.05	\$21.77	\$54,777	2.0	1,398	3.99	8.4
2013	435,329	2,300	372.7	143	426	\$6.33	\$21.75	\$53,521	1.1	1,539	4.00	7.2
2014	440,090	2,002	386.4	144	898	\$6.61	\$23.12	\$55,524	1.3	1,575	4.03	6.1
2015	444,491	1,608	393.9	145	1,071	\$6.77	\$24.78	\$58,397	0.9	1,549	3.84	5.3
2016	447,309	368	403.8	146	884	\$6.86	\$25.01	\$57,467	1.9	1,467	3.85	5.1
2017	450,216	700	402.6	147	1,263	\$7.05	\$26.43	\$58,707	2.8	1,484	3.88	4.5
2018	453,304	911	406.9	148	1,198	\$7.32	\$27.74	\$59,549	2.7	1,499	4.01	4.2
2019	456,466	1,000	410.6	149	1,213	\$7.60	\$29.17	\$60,866	2.2	1,513	3.99	4.2
2020	459,594	993	413.4	150	1,218	\$7.95	\$30.87	\$61,977	3.2	1,528	4.06	4.3
2021	462,582	878	416.2	151	1,209	\$8.25	\$32.47	\$63,100	2.6	1,542	4.16	4.4
2022	465,480	814	418.5	152	1,183	\$8.54	\$34.05	\$64,136	2.6	1,557	4.25	4.5
2023	468,322	788	420.7	153	1,159	\$8.84	\$35.71	\$65,228	2.5	1,572	4.36	4.7
2024	471,044	698	422.5	154	1,162	\$9.16	\$37.37	\$66,324	2.3	1,588	4.46	4.8
2025	473,698	658	424.3	155	1,166	\$9.51	\$38.93	\$67,241	2.2	1,603	4.55	4.8
2026	476,273	608	425.8	156	1,121	\$9.83	\$40.53	\$68,182	2.1	1,619	4.64	4.8
2027	478,843	637	427.3	157	1,125	\$10.17	\$42.19	\$69,187	2.0	1,635	4.74	4.9
2028	481,423	682	429.3	158	1,147	\$10.51	\$43.70	\$69,660	2.3	1,652	4.84	4.8
2029	484,050	766	431.3	159	1,149	\$10.85	\$45.20	\$70,145	2.1	1,669	4.94	4.8
2030	486,672	799	433.4	160	1,138	\$11.21	\$46.71	\$70,664	2.0	1,686	5.04	4.8
2031	489,322	864	435.3	161	1,133	\$11.61	\$48.22	\$71,161	1.9	1,704	5.15	4.8
2032	491,901	827	437.1	162	1,115	\$12.03	\$49.73	\$71,475	2.1	1,722	5.26	4.8
2033	494,483	865	439.0	163	1,115	\$12.46	\$51.28	\$72,057	1.7	1,741	5.37	4.8
2034	497,086	924	440.9	164	1,115	\$12.90	\$52.94	\$72,593	1.9	1,759	5.48	4.8
2035	499,685	959	442.8	165	1,116	\$13.34	\$54.69	\$73,103	2.0	1,779	5.60	4.8
2036	502,249	959	444.6	166	1,116	\$13.78	\$56.50	\$73,356	2.4	1,798	5.71	4.8
2037	504,826	1,010	446.5	167	1,116	\$14.21	\$58.37	\$73,524	2.5	1,818	5.83	4.8
2038	507,420	1,065	448.3	168	1,101	\$14.65	\$60.28	\$73,816	2.3	1,839	5.96	4.8
2039	509,977	1,066	450.1	169	1,100	\$15.08	\$62.29	\$74,019	2.5	1,860	6.08	4.8
2040	512,541	1,110	451.8	170	1,093	\$15.52	\$64.33	\$74,255	2.4	1,881	6.21	4.8
2041	515,060	1,103	453.5	171	1,067	\$15.95	\$66.39	\$74,589	2.2	1,903	6.34	4.8
2042	517,543	1,103	455.3	171	1,054	\$16.37	\$68.51	\$74,988	2.1	1,925	6.47	4.8
2043	519,991	1,107	456.9	172	1,020	\$16.80	\$70.65	\$75,432	2.0	1,947	6.61	4.8
2044	522,287	990	458.6	173	1,005	\$17.21	\$72.83	\$76,010	1.8	1,971	6.75	4.8
2045	524,513	955	460.2	174	952	\$17.63	\$75.07	\$76,458	2.0	1,994	6.89	4.7
2046	526,649	900	461.9	175	921	\$18.05	\$77.34	\$76,948	1.9	2,019	7.04	4.7
2047	528,709	857	463.4	176	859	\$18.49	\$79.66	\$77,439	1.9	2,043	7.19	4.7
2048	530,677	797	465.0	176	831	\$18.93	\$82.06	\$77,967	1.9	2,069	7.34	4.7
2049	532,462	646	466.5	177	778	\$19.38	\$84.57	\$78,549	1.9	2,094	7.49	4.7
2050	534,165	594	468.1	178	751	\$19.85	\$87.18	\$79,179	1.9	2,120	7.65	4.7

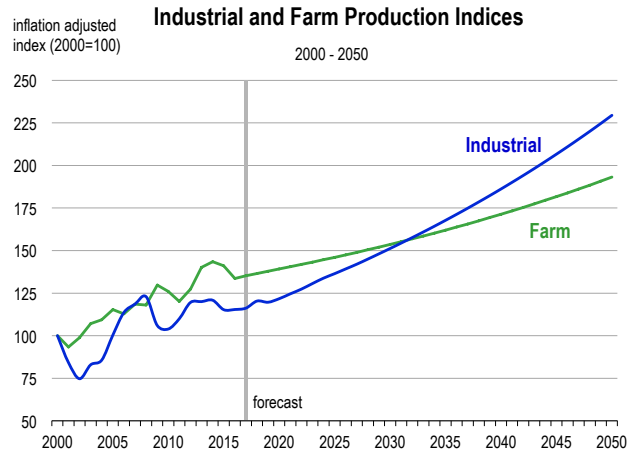
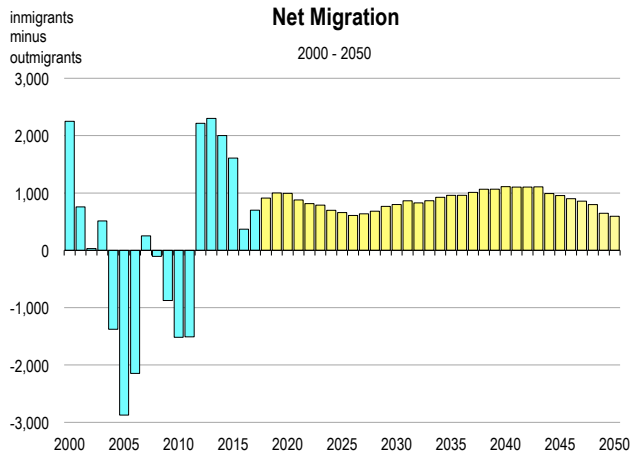
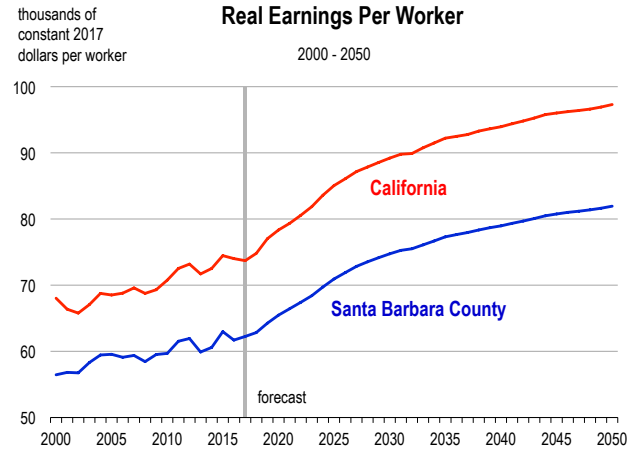
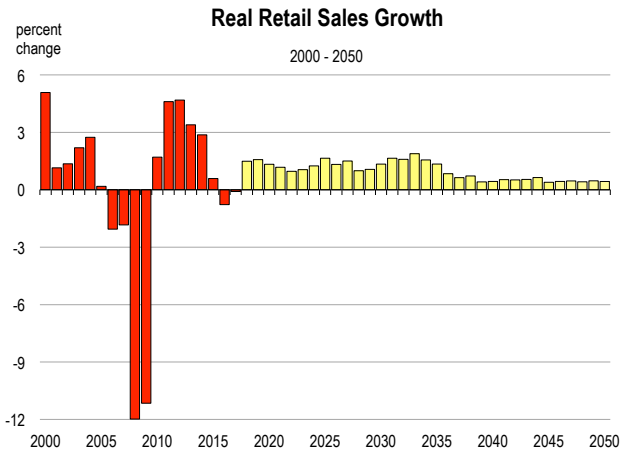


Santa Barbara County Employment Forecast

2010-2017 History, 2018-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	-----employment (thousands of jobs)-----											
2010	182.0	18.6	7.0	11.3	2.8	21.9	6.4	21.1	3.5	23.0	21.9	38.2
2011	182.7	18.2	6.8	11.7	2.8	21.8	6.5	21.5	3.6	23.5	22.1	37.8
2012	187.7	18.8	6.8	12.0	3.0	22.7	6.5	22.5	4.2	24.0	22.9	37.7
2013	193.0	19.3	7.2	12.1	3.3	23.5	6.5	23.3	4.3	24.6	24.4	37.9
2014	197.4	21.0	7.4	12.3	3.3	23.9	6.4	22.7	4.4	25.1	25.5	38.3
2015	200.5	21.0	7.8	13.0	3.3	24.2	6.4	22.3	4.7	25.7	26.5	38.7
2016	201.4	20.9	8.2	13.4	3.3	24.0	6.5	21.5	5.0	26.6	27.1	38.1
2017	204.1	21.5	8.4	13.1	3.3	23.9	6.6	21.4	5.0	27.5	27.7	38.9
2018	206.6	21.7	8.6	13.1	3.2	24.2	6.6	21.4	5.0	28.0	28.6	39.1
2019	208.7	21.9	8.8	13.2	3.2	24.3	6.7	21.5	5.0	28.5	29.1	39.5
2020	210.3	22.1	8.9	13.2	3.2	24.4	6.7	21.8	5.1	28.9	29.2	39.9
2021	211.8	22.3	9.0	13.3	3.2	24.5	6.7	21.9	5.1	29.3	29.6	40.1
2022	213.1	22.5	9.0	13.3	3.2	24.6	6.7	21.9	5.1	29.6	30.1	40.3
2023	214.2	22.7	9.0	13.4	3.2	24.6	6.6	21.8	5.1	29.9	30.5	40.4
2024	215.2	22.8	9.0	13.4	3.2	24.7	6.6	21.8	5.1	30.3	30.7	40.5
2025	216.1	23.0	9.0	13.4	3.2	24.8	6.6	22.0	5.1	30.6	30.9	40.3
2026	216.8	23.2	8.9	13.5	3.2	24.9	6.6	22.0	5.1	30.9	31.1	40.2
2027	217.6	23.4	8.9	13.5	3.2	25.1	6.6	22.1	5.1	31.3	31.3	40.1
2028	218.7	23.6	8.9	13.5	3.2	25.2	6.6	22.3	5.1	31.6	31.5	40.1
2029	219.8	23.8	8.9	13.5	3.2	25.3	6.6	22.4	5.1	32.0	31.7	40.1
2030	220.9	24.0	8.9	13.5	3.2	25.4	6.6	22.6	5.1	32.3	31.9	40.1
2031	221.9	24.2	9.0	13.6	3.2	25.6	6.6	22.6	5.1	32.6	32.2	40.0
2032	222.9	24.4	9.0	13.6	3.2	25.7	6.6	22.8	5.1	33.0	32.5	39.8
2033	223.9	24.6	9.0	13.6	3.2	25.9	6.6	22.9	5.2	33.3	32.8	39.7
2034	224.9	24.8	9.0	13.6	3.2	26.0	6.6	23.1	5.2	33.5	33.0	39.7
2035	226.0	25.0	9.0	13.6	3.2	26.2	6.6	23.2	5.2	33.8	33.3	39.7
2036	226.9	25.2	9.0	13.6	3.2	26.2	6.6	23.3	5.2	34.0	33.6	39.7
2037	227.9	25.4	9.0	13.6	3.2	26.3	6.5	23.5	5.2	34.3	33.9	39.7
2038	228.9	25.6	9.0	13.7	3.2	26.4	6.5	23.6	5.2	34.5	34.1	39.7
2039	229.9	25.8	9.0	13.7	3.2	26.4	6.5	23.7	5.2	34.7	34.4	39.7
2040	230.8	26.0	9.0	13.7	3.2	26.5	6.5	23.8	5.2	34.9	34.7	39.7
2041	231.7	26.2	9.0	13.7	3.2	26.6	6.5	24.0	5.2	35.1	35.0	39.7
2042	232.7	26.5	9.1	13.7	3.2	26.6	6.5	24.1	5.2	35.3	35.3	39.7
2043	233.5	26.7	9.0	13.7	3.2	26.7	6.5	24.2	5.2	35.5	35.6	39.7
2044	234.5	26.9	9.0	13.7	3.2	26.8	6.4	24.4	5.2	35.7	35.9	39.7
2045	235.3	27.1	9.0	13.7	3.2	26.8	6.4	24.5	5.2	35.9	36.2	39.8
2046	236.2	27.4	9.0	13.7	3.2	26.9	6.4	24.6	5.2	36.0	36.5	39.8
2047	237.1	27.6	8.9	13.7	3.2	26.9	6.4	24.7	5.2	36.2	36.8	39.9
2048	238.0	27.8	8.9	13.8	3.2	27.0	6.3	24.9	5.2	36.3	37.1	39.9
2049	238.8	28.1	8.9	13.8	3.2	27.0	6.3	25.0	5.3	36.4	37.4	39.9
2050	239.7	28.3	8.8	13.8	3.2	27.1	6.3	25.1	5.3	36.6	37.7	40.0





County Economic and Demographic Indicators

Projected Economic Growth (2018-2023)

Expected retail sales growth:	6.3%
Expected job growth:	3.7%
Fastest growing jobs sector:	Health & Education
Expected personal income growth:	13.2%

Expected population growth:	3.3%
Net migration to account for:	29.8%
Expected growth in number of vehicles:	3.4%

Demographics (2018)

Unemployment rate (April 2018):	3.5%
County rank* in California (58 counties):	18th
Working age (16-64) population:	65.0%

Population with B.A. degree or higher:	32.9%
Median home selling price (2017):	\$515,000
Median household income:	\$71,536

Quality of Life

Violent crime rate (2016):	320 per 100,000 persons
County rank* in California (58 counties):	19th
Average commute time to work (2018):	22 minutes

High school drop out rate (2017):	7.6%
Households at/below poverty line (2018):	9.9%

* The county ranked 1st corresponds to the lowest rate in California